

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 CAB-02 CIAE-00 COME-00
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FM AMEMBASSY ROME

TO SECSTATE WASHDC 5597

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E.O. 11652 N/A

TAGS: EAIR, IT

SUBJECT: CIVAIR, GROUND HANDLING AND USER CHARGES

REF: STATE 215972

SUMMARY: OPINION IS DIVIDED ON WHETHER ALITALIA WILL BE PERMITTED TO TAKEOVER THE ROME AIRPORTS MANAGEMENT COMPANY. THE FOREIGN AIRLINES, INCLUDING THE U.S. COMPANIES, HAVE TAKEN A NEUTRAL STANCE ON THE GROUNDS THAT GROUND HANDLING SERVICES WOULD NOT GET WORSE. THEY MAY BELIEVE THAT THEY WILL HAVE A BETTER OPPORTUNITY TO DEMAND OPTION OF CONTRACTING FOR THEIR OWN GROUND HANDLING SERVICES IF ALITALIA DOES GAIN EFFECTIVE CONTROL OF SAR. END SUMMARY.

1. EMBOFF DISCUSSED WITH DR. POSTIGLIONE, MANAGING DIRECTOR OF SOCIETA' AEROPORTI DI ROMA (SAR), (PLEASE PROTECT THROUGHOUT) MATTERS RAISED REFTEL. POSTIGLIONE SAID PROPOSAL THAT ALITALIA ESTABLISHED HOLDING COMPANY THAT WOULD IN TURN CONTROL MOST OF SAR'S STOCK AROSE WHEN ITALSTAT, A STATE-CONTROLLED HOLDING COMPANY WHICH NOW OWNS VIRTUALLY ALL OF SAR'S STOCK, DECIDED IT WANTED TO GET OUT OF THE BUSINESS OF OVERSEEING COMPANY'S THAT OPERATE CONCESSIONS--AS IS CASE WITH SAR. (ITALSTAT ALSO
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WANTS TO SELL ITS STOCK IN OTHER CONCESSIONARY COMPANIES SUCH AS TRASFORO BARGAGLI FERRIERE AND FINANZIARIA PER IL TRAFORO DEL MONTE BIANCO). ITALSTAT FOUND A PROSPECTIVE BUYER FOR ITS SAR STOCK IN ALITALIA.

2. POSTIGLIONE SAID HE OPPOSED THE PROPOSAL AND SO DID DGCA COLLINI AND MINISTER OF TRANSPORT. POSTIGLIONE

CLAIMED THAT ALITALIA WOULD DESTROY SAR. HE SAID SAR NOW MAKES A SLIGHT PROFIT AND HE DEFENDED THE QUALITY OF SERVICES IT RENDERS ON GROUNDS THAT THERE HAS BEEN CONSTANT IMPROVEMENTS. IF ALITALIA WERE TO CONTROL SAR, POSTIGLIONE BELEIVED THERE WOULD BE A CONFUSION OF FUNCTIONS THAT COULD RESULT IN DEFICIT OPERATION OF SAR AND/OR DISCRIMINATION AGAINST FOREGIN AIRLINES. HE DENIED REPORT THAT SAR UNIONS HAVE AGREED TO ALITALIA OWNERSHIP.

3. NEVERTHELESS, POSTIGLIONE BELIEVES SOME DANGER REMAINS THAT ALITALIA MIGHT WIN CONTROL OF SAR. HE NOTED THAT ITI (STATE OWNED HOLDING COMPANY THAT CONTROLS BOH ITALSTAT AND ALITALIA) WANTS TO COMBINE ALL ITS COMANIES IN TRANSPORT SECTOR UNDER ONE SUBSIDIARY HOLDING COMPANY. HE BELEIVES BOTH IRI AND MINISTER OF STATE HOLDINGS FAVOR A REORGANIZATION THAT WOULD GIVE ALITALIA CONTROL OVER SAR. HE INDICATED THAT GOI DECISION DEPENDS TO LARGE DEGREE ON POSITION TAKEN BY POLITICAL PARTIES AND VARIOUS INDIVIDUAL POLITICIANS, SOME OF WHOM HAVE CLOSE LINKS TO ALITALIA AND IRI. POSTIGLIONE SAID ALITALIA HAD CLAIMED THAT CIVI, THE COMMITTEEE THAT REPRESENTS FOREIGN AIRLINES IN DISCUSSIONS WITH ITALIAN AUTHORITIES, HAD APPROVED ALITALIA TAKEOVER OF SAR. ACCORDING TO POSTIGLIONE, THE ONLY INTERMINISTERIAL MEETING ON LIMITED OFFICIAL USE

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THIS MATTER NOW PLANNED IS A MEETING OF CHIEFS OF MINISTERS' CABINETS IN MID-SEPTEMBER.

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4. PAN AM MANAGER TOLD EMBOFF CIVI HAD TAKEN NEUTRAL STANCE, BUT THAT IT HAD USED OCCASSION TO AGAIN REQUEST THAT FOREGIN AIRLINES BE GIVEN OPTION TO HANDLE THEIR OWN GROUND SERVICES. IN RESPONSE TO EMBOFF QUESTION, PAN AM MANGER MADE CLEAR HE PREFERRED NEUTRAL STANCE EVEN WITHOUT THAT OPTION--WHICH HE CNCEDD WAS UNREALISTIC REQUEST. HE NOTED THAT SOME FOREIGN AIRLINES FAVORED AN ALITALIA TAKEOVER ON GROUNDS THAT SAR SERVICES REMAIN BELOW PAR WHILE BECOMING EVER MORE COSTLY. PAN AM MANGER, IN THIS REGARD, CONCEDED THAT SAR'S SITUATION IS COMPLICATED BY FOREIGN AIRLINE DEMANDS FOR SERVICES TAILORED TO THEIR INDIVIDUAL PREFERENCES. HE SAID HE WAS PUSHING VIVI MEMBERS TO ADOPT POSITION THAT SAR SHOULD BE ASKED TO PROVIDE ONLY IATA STANDARD HANDLING SERVICES. PAN AM MANGER SAID HE BELEIVED ALITALIA TAKEOVER OF SAR REMAINED HIGHLY LIKELY.

5. EMBOFF ASKED DGCA COLLINI FOR HIS VIEWS ON MATTER. COLLINI WHO HAD JUST REUTURNED FROM CACATION SAID HE WAS AWARE OF PROPOSAL, BUT WANTED TO LOOK INTO IT BEFORE RESPONDING. HIS PROMISED RESPONSE AS YET HAS NOT BEEN FORTHCMING. EMBOFF RAISED ISSUE WITH PIETROSANTO (MFA) WHO DOUBTED TAKEOVER WOULD EVER BE LIMITED OFFICIAL USE

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APPROVED DUE TO OPPOSITION OF MINSTER OF TRANSPORT. HE ALSO BELEIVED THA ALIALIA AND SAR HAVE FUNCIONS THAT SERVE CONFLICTING INTERESTS AND THAT ALITALIA CONTROL OF SAR WOULD APPEAR TO BE TOO BALATANTLY DISCRIMNATORY. HE SAID HE KNOW OF NO CASE AMONG WESTERN AIRPORT GROUND HADLING OPERATINS.

6. IN REGARD TO INCREASED USER CHARGES, POSTIGLIONE SAID THEY ARE NEEDED TO PERMIT SSAR T PURCHASE NEW EQUIPMENT FOR REPLACEMENT OF WORN OUT EQUIPMENT AS WELL AS TO IMPROVE AND EXPAND HANDLING CAPACITY. HE PROMISED TO SEND EMBASSY DOCUMENTS THAT JUSTIFY THE INCREASED CHARGES.

7. COMMENT. POSTIGLIONE IS CLEARLY LOOKING FOR ALLIES IN FIGHT TO KEEP CONTROL OF SAR. FOREIGN AIRLINES ARE CELARLY UNHAPPY WITH SAR PERFORMANCE AND MY HONESTLY BELEIVE THEY WILL BE NO WORSE OFF WITH ALITALIA IN CONTROL OF SAR EVEN THOUGH THIS COULD

WELL PROVIDE ALITALIA WITH "PRIVILEGE INFORMATION"
ON BOOKINGS OF OTHER AIRLINES. FOREIGN
AIRLINES POSSIBLY SEE IN ALITALIA TAKEOVER OF SAR AN OPPORTUNITY
TO SUBSEQUENTLY MAKE MORE EFFECTIVE CHARGES OF
DISCRIMINATIN AND TO PRESS SUCCESSFULLY THEITH DEMANDS
FOR THE OPTION OF CONTRACTING FOR THEIR OWN GROUND
HANDLING SERVICES.HOLMES

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